

MAINTENANCE LEVEL 2

M2-MN Interpreter Services Cost Increase

RECOMMENDATION SUMMARY TEXT

The Health Care Authority (HCA) requests \$2,158,000 (\$848,000 GF-State) in the 2016 Supplemental budget to bring the Interpreter Service (IS) administrative costs back in line with the originally agreed upon rate of 15 percent. This will allow the contractor to continue provide support for two offices to administer the contract and meet required activities including outreach, orientation, and service provision.

PACKAGE DESCRIPTION

The HCA negotiated the current coordinating entity contract for Interpreter Services at an estimated 15 percent for administration costs and set a maximum monthly administrative rate based on program forecasts for the period of the contract. Due to increased utilization and higher rates, the actual administrative percentage for the overall contract is below 11 percent with state fiscal year 2015 at 9.38 percent. With the most recent extension of the contract, the contractor has requested the HCA renegotiate the administrative rate to bring it closer to the originally agreed upon 15 percent. This allows the contractor to continue to adequately provide support for two offices to administer the contract and meet required activities including outreach, orientation, and service provision. This will also allow the contractor additional administrative room to partner with the HCA and the Department of Social and Health Services (DSHS) to meet increased needs.

The current contract expires June 30, 2016. The HCA will renegotiate the administrative rate. We assume the rate will be closer to the originally negotiated 15 percent of the total interpreter service program cost. Based on current contract rates, this would be an estimated increase of \$2,158,000 (\$848,000 GF-State) for the biennium.

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FISCAL DETAILS/OBJECTS OF EXPENDITURE

	FY 2016	FY 2017	Total
1. Operating Expenditures:			
Fund 001-1 GF-State	\$ 424,000	\$ 424,000	\$ 848,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ 655,000	\$ 655,000	\$ 1,310,000
Total	\$ 1,079,000	\$ 1,079,000	\$ 2,158,000
	FY 2016	FY 2017	Total
2. Staffing:			
Total FTEs	-	-	-

	FY 2016	FY 2017	Total
3. Objects of Expenditure:			
A - Salaries And Wages	\$ -	\$ -	\$ -
B - Employee Benefits	\$ -	\$ -	\$ -
C - Personal Service Contracts	\$ -	\$ -	\$ -
E - Goods And Services	\$ -	\$ -	\$ -
G - Travel	\$ -	\$ -	\$ -
J - Capital Outlays	\$ -	\$ -	\$ -
N - Grants, Benefits & Client Services	\$ 1,079,000	\$ 1,079,000	\$ 2,158,000
Other (specify) -	\$ -	\$ -	\$ -
Total	\$ 1,079,000	\$ 1,079,000	\$ 2,158,000
	FY 2016	FY 2017	Total
4. Revenue:			
Fund 001-C GF-Federal Medicaid Title XIX	\$ 655,000	\$ 655,000	\$ 1,310,000
Total	\$ 655,000	\$ 655,000	\$ 1,310,000

NARRATIVE JUSTIFICATION

WHAT SPECIFIC PERFORMANCE OUTCOMES DOES THE AGENCY EXPECT?

This request will allow the HCA to continue to provide the level of service contracted and increase services such outreach for hard to fill languages and hard to serve regions, and develop options to serve the complex needs of DSHS requests. This will include increasing the ability to accept and fill same day urgent requests, fill rare language needs, or support home/facility visits in rural areas.

PERFORMANCE MEASURE DETAIL

Activity Inventory

H008 HCA Children's Health Program Clients

H010 HCA Apple Health

H012 HCA All Other Clients – Fee for Services – Optional Services

IS THIS DECISION PACKAGE ESSENTIAL TO IMPLEMENT A STRATEGY IDENTIFIED IN THE AGENCY'S STRATEGIC PLAN?

Yes. This request will support the HCA policy commitments to Culturally and Linguistically Appropriate Services (CLAS), Federal Title VI requirements, and the State of Washington RCWs.

DOES THIS DECISION PACKAGE PROVIDE ESSENTIAL SUPPORT TO ONE OR MORE OF THE GOVERNOR'S RESULTS WASHINGTON PRIORITIES?

Yes, this will continue to support Goal 4 in ensuring healthy and safe communities by increasing access for underserved and marginalized populations.

WHAT ARE THE OTHER IMPORTANT CONNECTIONS OR IMPACTS RELATED TO THIS PROPOSAL?

The HCA Interpreter Service program collaborates with the DSHS to assist with language access for their clients. The Washington Federation of State Employees represents language Access Providers. Stakeholder groups such as the Washington State Coalition for Language Access continue to work with the HCA IS program to meet the growing needs of our diverse populations.

The current contractor is required to fill ninety percent or higher of all requests received with greater than 48 hours' notice. If this measure is not met, there are identified penalties that the HCA can take to require correction. The contractor may earn incentives for shifting assignments from the more costly face to face interpretation to less costly alternative modalities.

WHAT ALTERNATIVES WERE EXPLORED BY THE AGENCY, AND WHY WAS THIS ALTERNATIVE CHOSEN?

Without increasing funds for this contract, the HCA may need to procure a new contract in accordance with existing directive. There would be added costs for procurement and potential increases in program administrative costs. The previous procurement's unsuccessful bidders requested administrative costs above 15 percent.

WHAT ARE THE CONSEQUENCES OF NOT ADOPTING THIS PACKAGE?

If this request is not funded, client and stakeholders may experience:

- A potential loss of access to services for limited English Proficient Apple Health clients;
- Delays In the contractor's ability to use technological resources to:
 - Address growing LEP service needs;
 - Update the Coordinating Entity portal to address changes and increase efficiency; and,
 - Develop flexibility to keep up with new programs, scheduling needs, client eligibility, and increased benefits;
- Impacts to outreach and recruitment for addressing needs in languages of lesser diffusion and demand.

Risks to the agency include:

- Increased potential for additional costs and risk of inappropriate billings affecting stakeholders and Medicaid funds;
- Potential loss of current contracting partner;
- Added costs to the HCA for a new procurement;
- Potential Increased administrative costs from the new successful bidder;
- A delay in service delivery as a new successful bidder is brought online; and
- Increased delays to procurement due to stakeholdering with Authorized Requestors and state partners such as the Department of Social and Health Services and the Washington Federation of State Employees.

WHAT IS THE RELATIONSHIP, IF ANY, TO THE STATE CAPITAL BUDGET?

None

WHAT CHANGES WOULD BE REQUIRED TO EXISTING STATUTES, RULES, OR CONTRACTS TO IMPLEMENT THE CHANGE?

The current contracts with the Coordinating Entity would remove reference to the previous admin total in the consideration and set it at a straight percentage based on service utilization.

EXPENDITURE AND REVENUE CALCULATIONS AND ASSUMPTIONS

REVENUE CALCULATIONS AND ASSUMPTIONS:

The current HCA Interpreter Service program is claiming matching federal funds on Medicaid appointments for adults, 21 and over, at 50 percent federal financial participation (FFP) and children, age 20 and under, at 75 percent FFP. The average for the HCA Interpreter Service program is 60 percent, which would bring the federal amount to \$655,000 each year.

EXPENDITURE CALCULATIONS AND ASSUMPTIONS:

Costs were determined by dividing the administrative costs into the sum of projected service expenditures and administrative costs. This result should not exceed 15 percent. These costs receive the same federal match as the service costs. This averages at 60 percent federal dollars and 40 percent GF-State dollars.

	Service Costs* Including Mileage and other expenses				Administrative Costs			Total Cost	E) Admin% (=C / D)
	A) Appointments	Federal	State	B) Total Service Cost	Federal	State	C) Total Admin Cost	D) Total Cost (=B + C)	
Initial Annual Projections	196,000	\$4,292,500	\$4,292,500	\$8,585,000	\$909,000	\$606,000	\$1,515,000	\$10,100,000	15.00%
Actual Cost SFY 2015	298,689	\$8,339,603	\$6,291,279	\$14,630,882	\$909,000	\$606,000	\$1,515,000	\$16,145,882	9.38%
Projected Expenditures SFY 2016 assuming 15% Admin	302,400	\$8,818,165	\$5,878,777	\$14,696,942	\$1,556,400	\$1,037,600	\$2,594,000	\$17,290,942	15.00%
				Forecast Increase			Requested Increase per year		Total Projected Increase
				\$6,111,942			\$1,079,000		\$7,190,942

DISTINCTION BETWEEN ONE-TIME AND ONGOING COSTS:

All costs associated in this request are ongoing. The HCA assumes the Interpreter Service program will continue in its current form into future biennia.

BUDGET IMPACTS IN FUTURE BIENNIA:

The HCA assumes the interpreter Service program will continue in its current form into future biennia.